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SUBJECT: GLOBAL ECONOMY IMPACT ON THE GAMBIA: VIEWS DIFFER

Classified By: Classified by Ambassador Barry L. Wells
reasons 1.4(b) & (d)

11. (C) Summary: Ambassador met with the Managing Director of Trust Bank on a wide range of banking and finance issues. The Director scoffed at a front page news article proclaiming Gambia unaffected by the global crisis. He shared his views on the recent proliferation of new banks opening in the Gambia, and the general state of The Gambian economy. End Summary.

12. (C) Managing Director of Trust Bank Macoumba Njie, in a candid conversation with Ambassador, shared his views on the current state of the Gambian economy. He disagreed strongly with the news article in the pro-government Daily Observer proclaiming The Gambia was as yet unaffected by the global economic crisis. He pointed to a drop of a minimum of 30% in foreign remittances, indicating that Trust Bank has over 60% of the Western Union outlets in the country through which they track remittances. He further indicated that it was impossible to determine how much the informal foreign remittance sector was affected, which likely is twice the volume of the formal route. He also pointed to the TAF housing development scheme as being stagnant. The upscale homes were built for sale primarily to an expatriate retiree or &snowbird8 visitor, which has slowed dramatically.

EXPLODING BANKING SECTOR

13. (C) Nigerian Banks have opened 13 branches in The Gambia in the last 10 months. Njie commented that they add no value and are not really vetted by the Central Bank before being granted permission to open. He indicated that most are seeking to gain a better reputation in the wider world since Nigeria has such a bad reputation. He indicated that 2 additional banks had been chartered by the Central Bank recently and would be opening soon. The Central Bank's argument is that it is good for competition, yet it has not affected margins at all, according to Njie. The Gambia only requires 2 million dollars in assets to open a bank and all are branches of the 25 major banks in Nigeria.

The Gambia Hosts Money Laundering Conference

14. (C) Commenting on the Money laundering conference sponsored by Inter-Governmental Action Group Against Money Laundering (GIABA) last week in The Gambia, Njie indicated that over 100 Nigerian bankers attended the conference along with others. There was long discussion about the importance of tracking deposits knowing customers and protecting against laundering &money from ill-gotten gains8. He said Gambian banking laws require banks to report cash deposits from individuals in excess of 500,000 Dalasi (\$19,231 U.S dollars) and those over 1,000,000 (\$38,462 U.S. dollars) from businesses. He said this is not enforced very well as the Central Bank has no effective financial intelligence capacity.

UNFRIENDLY BUSINESS CLIMATE

5.(C) Mr. Njie discussed the high tax rate in The Gambia which he identified as the primary deterrent to more foreign investment. He drew on the World Bank Report, &Doing Business in 2009⁸ which ranks The Gambia as 175th of 181 countries for &Paying Taxes⁸ as an indicator of a business friendly environment. In general, of the 10 indicators, The Gambia ranked worse in 2009 than in 2008 in all but one.

16. (C) Comment: Mr, Njie made it clear that the banking sector is as cautious about what it says about public policy as most in The Gambia are. He sees the same threat that we do regarding the potential for money laundering given the poverty, porous borders and lax enforcement of financial transactions. While unwilling to speculate on how this might affect the countries stability he would only say, &Things are tense⁸.

WELLS